

D R A F T

Improving the Management of Government Charge Card Programs

DRAFT GUIDANCE

Improving the Management of Government Charge Card Programs

Table of Contents

<i>Questions</i>	<i>Page</i>
Chapter 1 – General Information.....	2
Chapter 2 – Charge Card Management Plan	4
Chapter 3 – Training.....	5
Chapter 4 – Risk Management	8
Chapter 5 – Performance Metrics and Data Requirements	12
Chapter 6 – Credit Worthiness	16
Chapter 7 – Refund Management.....	19
Chapter 8 – Strategic Buying.....	21
Chapter 9 – Micro Purchase Credit Card Section 508.....	23
Chapter 10 – Environmental Requirements.....	24
Chapter 11 – State and Local Tax Recovery	26
Appendix A – Glossary	28
Appendix B – Acronyms.....	32
Appendix C – Fleet, AIR, and SEA Cards: Frequently Asked Questions	33
Appendix D – Sample Due Process Notice	37
Appendix E – Best Practices in Managing Government Charge Card Programs	40
Appendix F – Internet Web Site References.....	42

Chapter 1 – General Information

<i>Questions</i>	<i>Page</i>
1.1 What is the purpose of this Circular?	2
1.2 What are the goals of this Circular?	2
1.3 Under what authority is this Circular being issued?	3
1.4 To which agencies does this Circular apply?	3
1.5 What is a government charge card?	3
1.6 What are the different types of government charge cards?	3
1.7 How will the requirements in this Circular be implemented?	3

1.1 What is the purpose of this Circular?

The purpose of this circular is to:

- Consolidate and update current government charge card program requirements and guidance issued by Office of Management and Budget (OMB), General Services Administration (GSA), Department of the Treasury (Treasury), and other Federal agencies, as well as provide a single source document to incorporate updates, new guidance, or amendments to existing guidance; and
- Establish standard minimum requirements and suggested best practices for government charge card programs that may be supplemented by individual agency policy and procedures.

1.2 What is the goal of this Circular?

The goal of this Circular is to maximize benefits to the Federal Government when using government charge cards to pay for goods and services in support of official Federal missions. The benefits of this approach include, but are not limited to:

- Reducing administrative costs and time for purchasing and paying for goods and services;
- Using government charge card data to negotiate “best value” prices and to maximize refunds;
- Improving financial, administrative, as well as other benefits offered by government charge card providers and other entities;
- Using government charge cards to improve data collection to monitor policy compliance, where appropriate and feasible; and
- Assuring recovery of state and local taxes paid on fleet cards.

1.3 Under what authority is this Circular being issued?

This Circular is issued under the authority of 31 U.S.C. 1111; Reorganization Plan No. 2 of 1970; Executive Order 11541; the Chief Financial Officers Act of 1990; and the Office of Federal Procurement Policy Act.

1.4 To which agencies does this Circular apply?

The provisions of this Circular apply to all Executive Branch departments and agencies.

1.5 What is a government charge card?

A government charge card is an account established by a commercial financial institution (hereinafter, “charge card vendor”) on behalf of agencies or individual agency employees to which the cost of purchasing goods and services may be charged. Although actual plastic cards are associated with most of these accounts, this term may also be applied to certain accounts established by these same commercial companies that are billed directly to agencies, and therefore, are “cardless” accounts. For the purposes of this Circular, the term “charge card” or “card” will mean “government charge card” as defined herein.

1.6 What are the different types of government charge cards?

There are several types of government charge cards, including: purchase, travel, fleet, AIR, SEA, and integrated cards. Travel cards are issued as either individually billed accounts with individual liability, or as centrally-billed accounts, wherein the government is liable. Specific definitions are contained in the Glossary, Appendix A, page 27. The requirements provided throughout this Circular apply to all charge card types, unless specifically noted as applicable to only a particular type of card.

1.7 How will the requirements in this Circular be implemented?

The requirements in this Circular pertain to the use of charge card programs by agencies and their employees and must be included in internal agency regulations, procedures, and training materials. The requirements in this Circular further pertain to characteristics of the card programs used by the Federal government and must be included in any contracts for charge card services.

Chapter 2 – Charge Card Management Plan

<i>Questions</i>	<i>Page</i>
2.1 Are agencies required to develop and maintain a charge card management plan?	4
2.2 Why is maintaining a charge card management plan important?.....	4
2.3 What are the required elements of an agency’s charge card management plan?	4

2.1 Are agencies required to develop and maintain a charge card management plan?

Yes, each agency must develop and maintain written policies and procedures for the appropriate use of charge cards consistent with the requirements of this Circular.

2.2 Why is maintaining a charge card management plan important?

Maintaining a charge card plan is important because the establishment of written, formal policies and procedures are critical to assure that a system of internal controls is followed, and to minimize the potential for fraud, misuse, and delinquency.

2.3 What are the required elements of an agency’s charge card management plan?

The elements required in the charge card management plan are:

- Identification of key management officials and their responsibilities for each charge card program. These officials will include, but are not limited to, Agency/Organization Program Coordinator (A/OPC), Approving Officials, and other accountable/billing officials;
- Establishment of a process for formal appointment of cardholders and approving officials, where applicable;
- Implementation of a process to ensure the credit worthiness of new charge card applicants consistent with Chapter 6 of this Circular;
- Description of agency training requirements;
- Management controls, policies, and practices for ensuring appropriate charge card usage and oversight of payment delinquencies, fraud, misuse, or abuse;
- Establishment of appropriate authorization controls;
- Implementation of policies and practices to ensure strategic buying consistent with Chapter 8 of this Circular;
- Explanation of how available reports and data are used for monitoring delinquency, misuse, performance metrics, spend analysis, and other relevant transactions and program management issues;
- Documentation and record retention requirements; and
- Recovery of charge cards and other documentation when employees terminate employment, and if applicable, when an employee moves to a different organization.

Chapter 3 – Training

<i>Questions</i>	<i>Page</i>
3.1 Are agencies required to provide training on charge card management?.....	5
3.2 Why is training on charge card management important?.....	5
3.3 Who is required to take charge card management training?	5
3.4 What are the general training requirements for all charge card programs?.....	5
3.5 What are the specific training requirements for each type of charge card program?	6
3.5.1 Purchase Card Program training	6
3.5.2 Travel Card Program Training	6
3.5.3 Fleet Card Travel Training	7
3.5.4 Integrated Card Program Training	7

3.1 Are agencies required to provide training on charge card management?

Yes, each agency must provide training on charge card management consistent with the requirements of this Chapter.

3.2 Why is training on charge card management important?

Training is important because it is vital that charge card managers and cardholders understand their roles and responsibilities in order for charge card programs to be effectively implemented.

3.3 Who is required to take charge card management training?

All cardholders and charge card managers (including Agency/Organization Program Coordinator (A/OPC), Approving Officials (AO), and other accountable/billing officials) must be trained in charge card management.

3.4 What are the general training requirements for all charge card programs?

The general training requirements for all charge card programs are:

- All program participants must be trained prior to appointment;
- All program participants must take refresher training, at a minimum, every 3 years;
- All program participants must certify that they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions. Agencies will determine the method of certification; and
- Copies of all training certificates must be maintained pursuant to U.S. National Archives and Records Administration (NARA) requirements, General Records Schedule 1. Item 10a.

3.5 What are the specific training requirements for each type of charge card program?

The specific training requirements for each type of charge card are:

3.5.1 Purchase Card Program Training

- ***Cardholder***

Training for cardholders of the government purchase card must provide general information on how to use a charge card. It must familiarize the cardholders with Federal procurement laws and regulations, agency policies, and proper card use. Training requirements must be consistent with the level of responsibility or spending authority the cardholder will have. Only warranted contracting officers or those participants with the appropriate Delegation of Procurement Authority Memorandum, can be delegated purchase authority above the micro-purchase threshold. The purchase cardholder training requirements previously stated are also applicable to Contracting officers and are in addition to the acquisition training required by the agency.

There are two situations where a cardholder may obtain a single purchase limit in excess of the micro-purchase threshold without benefit of holding a contracting officers' warrant. The first is a designation as an ordering official in accordance with the Federal Acquisition Regulations, and the second is a delegated authority under the Government Employee Training Act.

- ***AOs or Certifying Officials***

Training in Federal acquisition, applicable financial policies and regulations, and AO responsibilities are required prior to assuming the AO responsibilities. AOs must also receive the same training as the cardholders.

- ***A/OPCs***

Training must familiarize A/OPCs with cardholder and AO responsibilities, as well as proper management, control and oversight tools and techniques. The A/OPCs must also receive training by the charge card vendor on using their Electronic Access System (EAS) (or applicable system) to manage the program.

3.5.2 Travel Card Program Training

- ***Cardholder***

Training for cardholders of the travel card must provide general information on traveling for the government and review how to use a travel card, including agency travel card policy and procedures, and proper card use. It must also familiarize cardholders with the Federal Travel Regulation (FTR), specifically Part 301-51 - Paying Travel Expenses and Part 301-54 - Collection of Undisputed Delinquent Amounts Owed to the Contractor Issuing the Individually Billed Travel Charge Card.

- ***A/OPC***

Training on the roles and responsibilities of the A/OPC is required prior to appointment, including proper management, control and oversight tools and techniques, and the FTR Part 301-70 - Internal Policy and Procedures Requirements, Subpart H - Policies and Procedures Relating to Mandatory Use of the Government Contractor-Issued Travel Charge Card for Official Travel Section 301-70.700 through 708. The A/OPC must also receive the same training as the cardholders.

3.5.3 Fleet Card Program Training

- ***Cardholder***

Training for cardholders of the fleet card must provide general information on how to use a fleet card, applicable regulations, proper use, and agency policy and procedures related to use of the fleet card.

Note: Fleet cards can be issued to organizations, drivers or vehicles. It is recommended that brochures and card sleeves be used to provide general information on how to properly use a government fleet card.

- ***A/OPC***

Training that covers the additional roles and responsibilities of the A/OPC, including proper management, control and oversight tools and techniques, is required prior to appointment. The A/OPC will also receive the same training as the cardholders.

3.5.4 Integrated Card Program Training

To receive purchase, travel, and/or fleet authority employees must first be trained on the business lines they will receive authority for and the participant role as described above.

Note: Web links to available training resources are contained in References, Appendix F, page 42.

Chapter 4 – Risk Management

<i>Questions</i>	<i>Page</i>
4.1 Are agencies required to implement risk management controls, policies, and practices in implementing charge card management programs?	8
4.2 Why is risk management important in the context of charge card programs?	8
4.3 What are the general responsibilities of charge card managers in implementing risk management controls, policies, and practices?	8
4.4 What specific risk management controls, policies, and practices are required for addressing payment delinquencies?.....	9
4.4.1 Split disbursement	10
4.4.2 Salary offset.....	10
4.4.3 Split disbursement and salary offset procedures	10
4.4.4 Due process requirements prior to salary offset	10
4.5 What administrative and/or disciplinary actions can be imposed on delinquent travel cardholders?	10
4.6 What specific risk management controls, policies, and practices are required for addressing charge card misuse?	11
4.7 What administrative and/or disciplinary actions can be imposed for charge card misuse?	11

4.1 Are agencies required to implement risk management controls, policies, and practices in implementing charge card management programs?

Yes, each agency must implement risk management controls, policies, and practices consistent with the requirements of this Chapter.

4.2 Why is risk management important in the context of charge card programs?

Risk management controls, policies, and practices are a critical tool for ensuring the efficiency and integrity of charge card programs by eliminating payment delinquencies, charge card misuse, fraud, and other forms of waste and abuse.

4.3 What are the general responsibilities of charge card managers in implementing risk management controls, policies, and practices?

The general responsibilities of charge card managers in implementing risk management controls, policies and practices are:

- Implementing the appropriate controls to ensure compliance with Federal laws, Federal and agency regulations, and for monitoring program effectiveness;
- Ensuring that any risk management policies and practices established in the agency's charge card management plan are carried out effectively and that the charge card management plan is updated with enhanced risk management policies and practices, as appropriate;
- Ensuring that cardholder statements of account and supporting documentation are reviewed and utilized to monitor delinquency, misuse, and other transaction activities;
- Overseeing the establishment and maintenance of master file/official cardholder records, including training, appointment, single and monthly purchase limits, and related records;

- Reviewing available data (including the use of data mining where appropriate) to detect instances of delinquency, fraud, and misuse and identify trends and outliers in relevant indicators of charge card program performance;
- Maintaining a policy that ensures that administrative and/or disciplinary actions are initiated in the event cardholders fail to meet their responsibilities with respect to appropriate use and timely payment of the charge card; and
- Communicating the agency's policy with respect to administrative and/or disciplinary actions to cardholders.

4.4 What specific risk management controls, policies, and practices are required for addressing payment delinquencies?

Charge card managers are responsible for ensuring that payment obligations are paid on time and that all relevant Prompt Payment Act requirements are met.

Where the agency is responsible for making payments to the charge card vendor, charge card managers are required to:

- Establish a process, with necessary internal controls, to ensure that all payments are timely, accurate, and appropriate;
- Closely monitor delinquency reports from charge card vendors;
- Contact appropriate personnel (including Agency/Organization Program Coordinator, Approving Officials, or other accountable/billing officials) to ensure that delinquent payments are addressed and corrective actions are taken to prevent further occurrence; and
- Incorporate all controls, practices and procedures related to centrally billed account delinquencies into the agency's charge card management plan, consistent with Section 2.3 of this Circular;

Where individual cardholders are responsible for making payments to the charge card vendor, charge card managers are required to:

- Closely monitor delinquency reports from charge card vendors;
- Contact the delinquent cardholder promptly to ensure payment is made or to obtain a remediation plan;
- Transmit a formal communication to the cardholder advising the individual that if the delinquent amount is not paid within a specified timeframe, the supervisor may initiate disciplinary action;
- Incorporate all controls, practices and procedures related to individually billed account delinquencies into the agency's charge card management plan, consistent with Section 2.3 of this Circular; and
- Implement split disbursement and salary offset procedures for travel card programs consistent with the sections below.

4.4.1 Split disbursement

Split disbursement is the process of dividing a travel voucher reimbursement between the charge card vendor and traveler. The balance owed to each is sent directly to the appropriate party.

4.4.2 Salary offset

Salary offset is the collection of an undisputed, delinquent charge card amount via direct deduction from an employee's payroll disbursement on behalf of the charge card vendor.

4.4.3 Split disbursement and salary offset procedures

Split disbursement and salary offset are mandatory, however, agencies may waive or provide for an exemption when they determine that the cost of implementing split-disbursement and/or salary offset exceeds the benefits of implementation. The agency head must request such a waiver from the Director of the Office of Management and Budget (OMB) in writing, and provide the reasons therein. The Director of OMB, in consultation with the Administrator of the General Services Administration (GSA), will respond no later than 30 days after receiving the request for waiver or exemption.

4.4.4 Due process requirements prior to salary offset

The due process requirements that must be implemented prior to salary offset are:

- Provide the employee with written notice of the type and amount of the claim, the intention to collect the claim by deduction from the employee's disposable pay, and an explanation of the employee's rights as a debtor (a sample due process notice is contained in Appendix D, page 36);
- Provide the employee the opportunity to inspect and copy the records related to the claim; and
- Provide the employee an opportunity to make a written agreement with the charge card vendor to repay the delinquent amount.

4.5 What administrative and/or disciplinary actions may be imposed on delinquent travel cardholders?

Appropriate agency personnel may impose, but are not limited to, the following administrative and/or disciplinary actions on delinquent travel cardholders:

- Suspend employee accounts once they reach 61 days past the statement date;
- Instruct that the charge card vendor cancel cards, withhold account reinstatement, initiate collection efforts, notify credit bureaus, and assess late fees; and
- Impose additional disciplinary actions deemed appropriate by the agency.

4.6 What specific risk management controls, policies, and practices are required for addressing charge card misuse?

Charge card managers are responsible for ensuring that charge cards are used for authorized purchases or expenses only.

In carrying out these activities, charge card managers are required to:

- Identify specific risks associated with charge card programs;
- Develop policies and procedures to mitigate risks associated with charge card programs;
- Ensure that the agency has policies in place that require managers to review charge card reports, as appropriate;
- Develop and implement agency policies outlining appropriate administrative and/or disciplinary actions for charge card misuse, taken in context of individual agency personnel practices;
- Implement appropriate training for cardholders, approving officials, and all other staff involved in using charge cards consistent with Section 3 of this Circular;
- Review charge card statements and account activity reports to identify questionable or suspicious transactions;
- Review ATM cash withdrawals for reasonableness and association with official travel;
- Contact employees to inquire about questionable or suspicious transactions;
- Require charge card statement reconciliation in a timely manner;
- Initiate administrative and/or disciplinary actions for each occurrence of charge card misuse; and
- Incorporate all controls, practices and procedures related to charge card misuse into the agency's charge card management plan, consistent with Section 2.3 of this Circular.

4.7 What administrative and/or disciplinary actions may be imposed for charge card misuse?

Appropriate agency personnel may impose, but are not limited to, the following administrative and/or disciplinary actions for misuse:

- Deactivate, suspend, or cancel employee accounts; and
- Impose additional disciplinary actions deemed appropriate by the agency.

For instances of fraud, charge card managers must pursue criminal sanctions.

See Best Practices in Managing Government Charge Card Programs, Appendix E, page 38, for additional strategies that charge card managers should employ in mitigating the risk of, and otherwise addressing, charge card delinquency and misuse.

Chapter 5 - Performance Metrics and Data Requirements

<i>Questions</i>	<i>Page</i>
5.1 Are agencies required to maintain and report data and performance metrics related to charge card management programs?	12
5.2 Why is data reporting important in the context of charge card programs?	12
5.3 What data are agencies required to report?	12
5.4 Why are performance metrics important in the context of charge card programs?.....	14
5.5 What performance metrics are agencies required to report?	14

5.1 Are agencies required to maintain and report data and performance metrics related to charge card management programs?

Yes, each agency must maintain and report data and performance metrics consistent with the requirements of this Chapter.

5.2 Why is data reporting important in the context of charge card programs?

Data reporting is a critical tool for improving charge card management. Charge card managers and other stakeholders need timely and accurate data to assess:

- Compliance with legislative and administrative requirements;
- The effectiveness of efforts to mitigate risks of fraud, waste, and abuse; and
- Performance trends in managing costs and other relevant indicators of program success.

5.3 What data are agencies required to report?

Agencies are required to report to the Office of Management and Budget, and maintain for their own use, the following data as specified below:

Travel and purchase cards:

- Number of cards;
- Number of active accounts;
- Percentage of employees that are cardholders;
- Net number of new accounts (new less cancelled);
- Charge card dollars spent; total refunds earned; percentage of potential refunds earned;
- Number of cases reported by the agency Office of Inspector General; and
- Number of administrative and/or disciplinary actions taken for card misuse (including delinquency).

Travel cards only:

- Number and percentage of travel cards with monthly and/or transaction limits;
- Number and percentage of travel cards with ATM withdrawal limits;
- Percentage of travel cardholders that travel less than 5 times annually;

Purchase cards only:

- Ratio of approving officials to purchase cardholders;
- Average number of monthly purchase card transactions reviewed per approving official;
- Number of purchase cardholders with contracting warrants above \$2500;
- Number of purchase cardholders with transaction limits of \$2,500 or more that do not hold contracting warrants;

Those agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report these items on a quarterly basis, beginning in the third quarter of Fiscal Year 2005, with the report due not later than July 31, 2005. All other agencies are required to report these items on an annual basis, beginning in the first quarter of Fiscal Year 2006, with the report due not later than January 31, 2006.

Agencies are required to report to the Office of Management and Budget, and maintain for their own use, the following narrative information:

- A discussion of the steps the agency is taking to leverage purchase card buys in areas such as:
 - negotiating discount agreements with major purchase card merchants
 - implementing initiatives to better inform cardholders of opportunities to achieve savings
 - conducting analyses to identify such opportunities
 - assessing through mechanisms such as purchase card vendor bank reports, whether cardholders are taking advantage of opportunities for savings on purchase card micro purchases;
- A description of the short and long-term enhancements that the agency is planning to implement to improve strategic buying efforts;
- The date(s) of most recent and next scheduled independent review (e.g., Office of the Inspector General) for all agency charge card programs;
- A description of the current process for monitoring delinquency, including what reports the agency reviews and what actions are taken when a problem is discovered;
- A description of the steps the agency takes to address protracted turnaround time (> than 15 working days) following voucher submission for travel voucher reimbursement, if applicable;

- A description of the method the agency utilizes to identify and detect possible card misuse, including the use of any specialized information technology solutions as well as any requests to charge card vendors for data reports;
- Agency future plans (within the next 12 months) to enhance charge card systems by automating reviews to detect instances of abuse, misuse, and fraud;
- A description of any best practices the agency employs in charge card management; and
- Any additional useful information regarding charge card programs.

Those agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report these items on an annual basis, beginning in the first quarter of Fiscal Year 2006, with the report due not later than January 31, 2007. All other agencies are required to report these items on a bi-annual basis, beginning in the first quarter of Fiscal Year 2006.

5.4 Why are performance metrics important in the context of charge card programs?

Performance metrics are a critical tool for improving charge card management. Tracking performance on key indicators of program success is necessary for charge card managers and other stakeholders to:

- Assess the effectiveness of management controls, policies, and practices; and
- Identify areas where increased management attention is needed

5.5 What performance metrics are agencies required to report?

Agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report to the Office of Management and Budget via the Metric Tracking System (MTS) the following performance metrics on a monthly basis:

- Travel Card Delinquency Rates, Individually Billed Accounts (IBA) – the percent of travel card balances outstanding over 61 days for IBA's.
- Travel Card Delinquency Rates, Centrally Billed Accounts (CBA) – the percent of travel card balances outstanding over 61 days for CBA's.
- Purchase Card Delinquency Rates – the percent of purchase card balances outstanding over 61 days.

Information regarding these metrics and MTS can be accessed at <http://www.fido.gov/mts/cfo/public>.

D R A F T

Additional metrics related to Federal charge card managements are currently under development by the Chief Financial Officer's Council Committee on Performance Measurement. This Circular will be updated as additional charge card metrics are finalized and implemented.

Agencies are encouraged to develop additional charge card performance metrics deemed most appropriate and useful to improved charge card management.

Chapter 6 - Credit Worthiness

<i>Questions</i>	<i>Page</i>
6.1 Are agencies required to assess the credit worthiness of all new purchase and travel card applicants prior to issuing a card?.....	16
6.2 Why is it important to assess the credit worthiness of a purchase and travel card applicant?	16
6.3 What steps are required before issuing a purchase and travel card to a first-time applicant?	16
6.3.1 Obtain FICO score.....	16
6.3.2 First time travel card applicants with a FICO score less than 660.....	17
6.3.3 First time purchase card applicants with a FICO score between 500 and 660	17
6.4 What process is required if obtaining a FICO score is not possible?	17
6.5 Is the process followed different when foreign nationals apply for a government charge card?	17
6.6 When are re-evaluations of credit worthiness required?	18
6.7 What options do agencies have to offer applicants denied a charge card due to the outcome of their credit worthiness evaluation?	18
6.8 What are the relevant recordkeeping requirements for the credit worthiness evaluation process?	18
6.9 Is there any circumstance in which credit worthiness restrictions may be temporarily lifted?	18
6.10 Is there a Federal source for obtaining charge card applicant FICO scores?	18

6.1 Are agencies required to assess the credit worthiness of all new purchase and travel card applicants prior to issuing a card?

Yes, pursuant to Section 639 of the Consolidated Appropriations Act, 2005 (P.L. 108-447) each agency must assess the credit worthiness of all new purchase and travel card applicants prior to issuing a card. The provisions of this chapter do not go into effect until [insert date that corresponds with 90 days after final publication of this guidance]. Current cardholders, as of the effective date of this Chapter, are not subject to the requirements of this chapter.

6.2 Why is it important to assess the credit worthiness of a purchase and travel card applicant?

Credit worthiness assessments are an important internal control to ensure that charge cardholders are financially responsible.

6.3 What steps are required before issuing a purchase and travel card to a first-time applicant?

Consistent with the requirements of this Chapter, all agencies must perform a credit worthiness evaluation prior to issuing a purchase or travel card to first time applicants.

6.3.1 Obtain FICO score.

In order for a first time applicant to receive a card to which standard agency restrictions apply, a credit check must be conducted for that employee and the FICO score obtained must be 660 or higher. (FICO is an acronym for Fair Isaac Corporation.) The numerical score indicates the credit risk level associated with a specific credit applicant.

6.3.2 First time travel card applicants with a FICO score less than 660.

For first time travel card applicants with a FICO score less than 660, the agency may issue a card, but more stringent restrictions will apply. In implementing such additional restrictions, the agency will take one or more of the following actions:

- Reduce the overall dollar limit for the card;
- Reduce the limit on individual transaction amounts;
- Limit (or further limit, if applicable) the types of transactions allowed;
- Issue a pre-paid card that automatically restricts dollar amount and transaction types;
- Limit (or further limit, if applicable) the dollar amount of transactions that can be applied to the card within in particular time period;
- Limit (or further limit, if applicable) the length of time a card remains active, such as for the length of time in travel status only; and/or
- Restrict (or further restrict, if applicable) use at ATMs.

6.3.3 First time purchase card applicants with a FICO score between 500 and 660.

For first time purchase card applicants with a FICO score between 500 and 660, the agency may issue a card, but more stringent restrictions will apply consistent with Section 6.3.2 above. The agency may not issue a purchase card to applicants with a FICO score lower than 500.

6.4 What process is required if obtaining a FICO score is not possible?

If obtaining a FICO score is not possible (e.g., the applicant refuses to provide consent or does not have a credit history), an agency may still issue a "restricted" (as defined in Section 6.3.2 above) travel or purchase card to a first time applicant, but the agency must conduct an alternative credit worthiness assessment to determine whether the individual possesses a satisfactory credit history. Specifically, the agency must review the proposed applicant's most recent Standard Form (SF) 85P, Section 22, Questionnaire for Public Trust Positions, or SF 86, Section 27 in order to assess credit worthiness.

If this form was never completed, cannot be located, is not available for review, or is more than 12 months old, the agency must use a similar vehicle containing the same type of questions as in the forms and sections noted and use the information provided to assess credit worthiness. This vehicle must contain a statement that meets the requirements of Section 552a of the Privacy Act.

6.5 Is the process followed different when foreign nationals apply for a charge card?

No. Agencies that employ applicants who are foreign nationals must treat those individuals in the same manner as described in Sections 6.3 and 6.4 above.

6.6 When are re-evaluations of credit worthiness required?

A credit worthiness assessment consistent with this Chapter must be conducted for restricted cardholders at the time the card expires, but before the cardholder receives a renewed card.

6.7 What options do agencies have to offer applicants denied a charge card due to the outcome of their credit worthiness evaluation?

Applicants who were denied a charge card due to the outcome of their creditworthiness evaluations can be re-evaluated at a time deemed most appropriate by the agency. The applicants' credit worthiness will again be evaluated based on the requirements of this Chapter.

6.8 What are the relevant recordkeeping requirements for the credit worthiness evaluation process?

Agencies will be required to maintain records of employees' credit worthiness evaluations and travel/purchase card histories, consistent with the requirements of the Privacy Act. Absent a current Privacy Act system of records that can appropriately house such information, an agency will be required to establish a new system of records.

6.9 Is there any circumstance in which credit worthiness restrictions may be temporarily lifted?

Yes. The credit worthiness restrictions may be temporarily lifted at the discretion of a Department or Agency head, in order to ensure the safety of American citizens and/or property (e.g., during times of national emergency, contingency, peacekeeping, or humanitarian missions).

6.10 Is there a Federal source for obtaining charge card applicant FICO scores?

Yes. Agencies may, but are not required to, contact the Office of Personnel Management (OPM), Center for Federal Investigative Services (CFIS), which is developing a reimbursable process to provide FICO scores, and to transmit them to designated agency personnel. For further information, agencies can contact CFIS at 703-305-0030, or call 202-606-1042 to reach OPM's main office.

Chapter 7 - Refund Management

<i>Questions</i>	<i>Page</i>
7.1 What does the term “refund” mean in the context of charge cards?	19
7.2 Why is improved refunds management important?	19
7.3 What steps must my agency take to maximize sales and productivity refunds?	20
7.4 How often must I review my agency’s refund agreement?	20
7.5 What flexibilities do I have with respect to how my agency can use the proceeds of refunds?	20

7.1 What does the term “refund” mean in the context of charge cards?

A refund is a monetary payment provided by charge card vendors to agencies. The three types of refunds are:

- Sales – payments from the charge card vendor to the agency based on the dollar or “spend” volume during a specified time period;
- Productivity – payments from the charge card vendor to the agency based on the timeliness and/or frequency of payments to the vendor;¹ and
- Corrective – payments from the charge card vendor to the agency to correct improper or erroneous payments or an invoice adjustment.

7.2 Why is improved refund management important?

Proper management of refunds is critical to ensuring that agencies maintain cost-effective charge card programs. To drive down costs, while ensuring that charge card programs effectively support the agency mission and financial controls, charge card managers must strive to:

- Obtain the best competitive deal from charge card vendors in terms of sales and productivity refunds offered balanced against the services provided;
- Utilize proper cash management decision-making to maximize agency sales productivity refunds or government wide interest income earned by Treasury as the situation determines (<http://www.fms.treas.gov/prompt/formulas.html>); and
- Employ the necessary internal controls to identify and collect corrective refunds.

¹ A “rebate” – a term used in prior government charge card guidance – is synonymous with a “productivity refund.” Notably, Congress has used the term “refund” and “rebate” interchangeably. See P.L. 106-291, Department of Interior and Related Agencies Appropriations Act, 2001 (Sec. 113).

7.3 What steps must an agency take to maximize sales and productivity refunds?

In order to ensure that agencies are in the best position to maximize sales and productivity refunds, charge card managers must:

- Check the productivity and sales refund deals offered by charge card vendors in comparison to other government-wide charge card contracts to ensure a competitive offer²;
- Utilize another agency's existing task order ("tag along") when possible and cost-beneficial to do so;
- Ensure on-time payments and appropriate card use by employing the processes and tools identified in Chapter 4 of this Circular; and
- Initiate internal controls to ensure that appropriate charge card use is maximized.

7.4 How often must an agency review its refund agreement?

In order to ensure that an agency's refund agreement is providing the best competitive deal and is being carried out effectively, charge card managers must review their agency's refund agreement:

- Prior to re-bid of the task order;
- Quarterly, to ensure proper amounts are refunded; and
- Annually, to benchmark against other agreements throughout government in order to plan for re-bid.

7.5 What flexibilities do agencies have with respect to how proceeds of refunds can be used?

Unless specific statutory authority exists allowing refunds to be used for other purposes, refunds must be returned to the appropriation or account from which they were expended, and can be used for any legitimate purchase by the appropriation or account to which they were returned, or as otherwise authorized by statute.

This section must not be construed to apply to non-refund payments from charge card vendors to agencies, such as signing bonuses or other monetary inducements.

² The General Services Administration (GSA) maintains information on many agency refund arrangements and may be utilized by agency managers for market research purposes.

Chapter 8 - Strategic Buying

<i>Questions</i>	<i>Page</i>
8.1 What does the term “strategic buying” mean in the context of government purchase cards?.....	21
8.2 Why is strategic buying with government purchase cards important?.....	21
8.3 What are agencies required to do to initiate strategic buying with government purchase cards?	21
8.4 What data are agencies required to report related to strategic buying?.....	22

8.1 What does the term “strategic buying” mean in the context of government purchase cards?

Strategic buying is the process of continually analyzing the way agencies expend funds through government purchase cards in order to ensure that agencies are:

- Leveraging their buying power by seeking opportunities to achieve discounts on commonly purchased goods and services; and
- Applying discounts to all charge card transactions, as appropriate.

8.2 Why is strategic buying with government purchase cards important?

Strategic buying is important because the government spends billions of dollars each year through purchase card programs (as well as other payment mechanisms) and each transaction has the potential to increase the buying power of the government. Therefore, agencies must actively seek to leverage this volume.

8.3 What are agencies required to do to initiate strategic buying with government purchase cards?

Agencies must develop and implement policies and practices that ensure effective strategic buying. These policies and practices include:

- A thorough spend analysis;³
- A balanced approach considering socio-economic goals and prioritized objectives, if applicable;
- Performance measures to assess progress toward achieving agency strategic buying goals;
- Establishment of key roles and responsibilities, including identification of the official responsible for achieving agency strategic buying goals;
- Communication and training strategy; and
- Development of internal control mechanisms to ensure agency compliance with the requirements of this Chapter.

³ A spend analysis is an evaluation of goods and services purchased to detect patterns and identify opportunities for savings.

In developing the charge card management plan required under Section 2.3 of this Circular, agencies must incorporate a discussion of the policies and practices included in this Section.

8.4 What data are agencies required to report related to strategic buying?

Pursuant to Section 5.3 of this Circular, agencies must report to the Office of Management and Budget on an annual basis, the steps taken to leverage purchase card buys in areas such as:

- Negotiating discount agreements with major purchase card merchants;
- Implementing initiatives to better inform cardholders of opportunities to achieve savings;
- Conducting analyses to identify such opportunities; and,
- Utilizing mechanisms such as charge card vendor reports to ensure cardholder compliance with agency strategic buying plan.

Chapter 9 - Requirements for Micro Purchases under Section 508 of the Rehabilitation Act

<i>Questions</i>	<i>Page</i>
9.1 What does Section 508 of the Rehabilitation Act require?	23
9.2 What is the micro purchase card exception regarding Section 508 of the Rehabilitation Act?	23

9.1 What does Section 508 of the Rehabilitation Act require?

Section 508 of the Rehabilitation Act requires that when Federal departments or agencies develop, procure, maintain, or use electronic and information technology (E&IT), they must ensure that such E&IT allows Federal employees with disabilities to have access to and use of information and data that is comparable to the access to and use of information and data by other Federal employees.

Section 508 also requires that individuals with disabilities, who are members of the public seeking information or services from a Federal department or agency, have access to and use of information and data that is comparable to that provided to the public without disabilities.

9.2 What is the micro purchase card exception regarding Section 508 of the Rehabilitation Act?

At the current time, micro purchases made with a purchase card are exempt from the requirements of Section 508 of the Rehabilitation Act. The micro purchase card exception regarding Section 508 of the Rehabilitation Act expires on April 1, 2005. At that time, all micro purchases, including open market buys and those made through government contract vehicles (e.g., GSA Advantage), will be subject to the provisions set forth in Section 508 of the Rehabilitation Act, unless an exception applies (see part 39.2 of the Federal Acquisition Regulation on www.acqnet.gov/far).

Note: Web links to available information on Section 508 of the Rehabilitation Act are contained in References, Appendix F, page 40.

Chapter 10 - Environmental Requirements

<i>Questions</i>	<i>Page</i>
10.1 Are agencies required to account for the environmental quality of products procured with government purchase cards?	24
10.2 What steps are agencies required to take related to the environmental quality of products procured with government purchase cards?	24
10.3 What are the relevant requirements related to the environmental quality of products procured with government-issue fleet cards?	25

10.1 Are agencies required to account for the environmental quality of products procured with government purchase cards?

Yes, each agency must account for the environmental quality of products procured with purchase cards consistent with the requirements of this Chapter.

10.2 What steps are agencies required to take related to the environmental quality of products procured with government purchase cards?

Agencies must develop and implement policies and practices that ensure the following requirements are met:

- The Resource Conservation and Recovery Act, Section 6002, requires the purchase of recycled content (recovered materials) products designated by the Environmental Protection Agency (EPA). The EPA maintains a list of designated recycled-content products and recommends the percentages of recycled content that the products must contain. Agencies can refer to www.epa.gov/cpg for a complete list of designated products, EPA's recommendations, and additional information.
- The Farm Security and Rural Investment Act, Section 9002, and E.O. 13101 require agencies to purchase bio-based products. The U.S. Department of Agriculture designates bio-based products and provides guidance to assist agency purchasing of these products. Information on these products can be obtained or linked from www.ofee.gov, under "Green Purchasing."
- The Energy Policy Act (EPACT) of 1992 requires agencies to select and purchase Energy Star products or those products in the upper 25 percent of energy efficiency as designated by the Department of Energy's Federal Energy Management Program (FEMP). These include major appliances, computers, air conditioners and other energy-using equipment.
- E.O. 13221 requires agencies to purchase products that use minimal amounts of power when in standby mode. FEMP developed a Standby Power Device Product Listing with information on products such as computers, fax machines, printers, televisions and other appliances. Agencies can refer to the Energy Star website, www.energystar.gov, or <http://www.eere.energy.gov/femp/technologies/eeproducts.cfm>.
- E.O. 13101 emphasizes the significance of Federal purchasing of environmentally preferable products (EPP). These products can be viable alternatives to products containing hazardous

materials, toxic chemicals, or have other harmful effects on our environment. EPA developed a number of tools to help Federal purchasers identify and purchase greener products and services, including draft purchasing guides on carpets, meetings and conferences, cleaning products, and copiers.

10.3 What are the relevant requirements related to the environmental quality of products procured with government fleet cards?

For government fleet card purchases to service a government vehicle, agencies must ensure that re-refined oil and retread tires must be purchased if available and practicable. Also, if the government vehicle is an alternative fuel vehicle (AFV) (whether dual- or fuel-flex), agencies are required to ensure that cardholders purchase alternative fuel where readily available at a reasonable cost, instead of gasoline.

Chapter 11 – State and Local Tax Recovery

<i>Questions</i>	<i>Page</i>
11.1 Why is state and local tax recovery important?	26
11.2 Does tax recovery only apply to fleet cards?	26
11.3 Should agencies pay state and local taxes for fleet card transactions?.....	26
11.4 How are state and local taxes recovered for the fleet card (except DOD)?.....	26
11.5 How must the recovered state and local taxes be used for the fleet card (except DOD)?	27
11.6 How do agencies recover state and local taxes for the DOD fleet card?	27
11.7 How must the recovered state and local taxes be used for the DOD fleet card?.....	27

11.1 Why is state and local tax recovery important?

The Federal government does not pay taxes to State and local governments, and thus any such taxes paid must be recovered. In addition, the monies represented by these taxes are a source of funds to the Federal agency issuing the fleet card; failure to do so increases the cost of that Federal agency's fleet card purchases.

11.2 Does tax recovery only apply to fleet cards?

No. Transactions against Federal government accounts that are directly paid by the government (primarily Centrally Billed Accounts) are exempt from State and local taxes. The agency should work with the charge card vendor cooperatively to ensure that merchants and States do not tax these transactions. Agencies must be prepared to provide vendors with proof of tax exempt status via their agency's Tax Identification Number. In instances where the tax-exempt status is not recognized at the point of sale, agencies should work with their charge card merchants and State or local authorities to accomplish tax recovery. In the case of individually billed accounts, travelers must provide a tax exemption certificate to lodging vendors, when necessary, to exclude state and local taxes from their hotel bills.

11.3 Should agencies pay state and local taxes for fleet card transactions?

No, the Federal government is exempt from paying most state and local taxes where allowed by given state statute. However, in some states and localities, the Federal government is required to pay state and local taxes, but is eligible to recover the taxes in the form of a refund, upon application to the state or locality.

11.4 How are state and local taxes recovered for the fleet card (except DOD)?

The charge card vendor issuing the fleet card should be contractually required to provide information on a regular basis to the Federal agency owning/commercially leasing the conveyance or fueled appliance, which includes, but is not limited to, identification of the sites

within a state where expenditures occurred, specific merchant, and dollar amount, and gallons of fuel purchased.

The Federal agency must identify the appropriate entity within each state that they must work with in the tax recovery process, the address, and reporting requirements of that entity. In the case of vehicles operated by a Federal agency that are not owned/commercially leased by that agency but are leased by the agency (including leased by DOD) from GSA, GSA will receive the above information from the charge card vendor and pursue the state and local taxes recovery.

11.5 How must the recovered state and local taxes be used for the fleet card?

Tax monies recovered are returned to the appropriation from which the commensurate expenditure was made. While such monies can be used for any legitimate expenditure from that appropriation, consideration must be given to applying the monies to the same type expenditure that generated the recovered taxes; e.g., fuel, maintenance.

11.6 How are state and local taxes recovered for the DOD fleet card?

There are two methods of recovery available:

- For most transactions, the tax is effectively backed out before the fleet card vendor invoices DOD. The oil company files with the state to recover the tax based on its sale to DOD. The oil company credits the fleet charge card vendor and the credit is to be passed to DOD by backing out the tax before invoicing DOD. There are some independent retailers who are not associated with an oil company that do not back-out the tax. In those instances, DOD files with the state directly for tax recovery. There are also the states where DOD has to go to the oil company to file for a refund.
- In states where the oil company is not required to file for a credit with the state, the Defense Finance and Accounting Service (DFAS) files for the tax refund based on tax payment details provided by the charge card vendor, as well as information calculated by the DOD.

11.7 How must the recovered state and local tax monies from the DOD fleet card be used?

Recovered tax funds are returned to the working capital fund.

Appendix A - Glossary

Abuse: Use of a government charge card to buy authorized items, but at terms (e.g., price, quantity) that are excessive, is for a questionable government need, or both. Examples of such transaction would include purchase of items such as a day planner costing \$300 rather than one costing \$45; allowable refreshments at an excessive cost; and, year-end or other bulk purchases of computer and electronic equipment for a questionable government need.

Account deactivation: A method to temporarily block the cardholder's ability to make transactions on the account without canceling the account altogether. While the account is deactivated, any transaction that the cardholder attempts to make will be declined at the point of sale. The agency can deactivate and reactivate an account through the charge card vendor's Electronic Access System (EAS) or by calling the charge card vendor. The charge card vendor's A/OPC guide or EAS will provide guidance to the agency on the deactivation and reactivation process.

Agency: Any executive department, military department, independent agency, government corporation, government controlled corporation, or other establishment in the executive branch of the government.

Agency/Organization Program Coordinator (A/OPC): This individual serves as the focal point for answering management, task order administration, establishing and maintaining accounts, and issuance and destruction of cards. The A/OPC oversees the card program(s) for his or her Agency/Organization and establishes guidelines. The A/OPC helps set up accounts; serves as liaison between the cardholder and the purchase card contractor; provides on-going advice; audits purchase card accounts as required; and keeps necessary account information current.

Approving Official (A/O): This individual (typically a supervisor) ensures that the purchase card is used properly. The A/O also authorizes cardholder purchases (for official use only), ensures that the statements are reconciled and submitted to the designated billing office in a timely manner.

Authorization: The process of verifying, at the point of sale, that a purchase being made is allowable given the requirements, prohibitions, and controls established by the agency for that card.

Aviation Into-Plane Reimbursement (AIR) Card: A centrally billed, government charge card used by Federal agencies, state and local law enforcement agencies, and foreign governments as a means to procure aviation fuel and related ground services.

Bio-based products: Commercial or industrial product (other than food or feed) that utilizes biological products or renewable domestic agricultural (plant, animal, and marine) or forestry materials.

Cardholder: The legal agent using the charge card to buy goods and services in support of official government business. The cardholder holds the primary responsibility for the card's proper use.

Cardholder Statement: A statement, listing all transactions during the billing period, which is sent to each cardholder.

Cardless Account: An established account without a physical card.

Centrally Billed Account: A card/account established by the charge card vendor at the request of the agency/organization. These may be card or cardless accounts. Payments are made directly to the charge card vendor by the agency. All fleet and purchase cards are centrally billed cards/accounts. Federal agencies will specify which travel and integrated solution cards must be centrally billed cards/accounts at the task order level.

Charge card managers: Any Federal personnel responsible for implementing charge card programs, including, but not limited to, Agency/Organization Program Coordinator, Approving Officials, and accountable/billing officials.

Delegation of Procurement Authority Memorandum: A memorandum that recognizes the purchase card holder as a procurement official, grants authorization to spend Government funds, and establishes the level of purchase authority.

Delinquency/delinquent account: A charge card account balance that is unpaid for more than 61 days past the statement date.

Disposable pay: That part of current basic pay, special pay, incentive pay, retired pay, retainer pay, and in the case of an employee not entitled to basic pay, other authorized pay remaining after the deduction of any amount required by law to be withheld (other than deductions to execute garnishment orders in accordance with 5 CFR §581 and §582). Among legally required deductions that must be applied first to determine disposable pay are levies pursuant to the Internal Revenue Code (Title 26 USC) and deductions described in 5 CFR §581.105(b) through (f). (5 CFR §550.1103).

Due Process: The legal process to which an agency must adhere prior to the collection or salary offset on any undisputed delinquent amount on behalf of the charge card vendor.

Electronic Access System (EAS): The charge card vendor's Internet-based system which provides a variety of reports which assist in the effective management of the Purchase Charge Card program.

Federal Travel Regulation (FTR): The regulation which implements statutory requirements and Executive Branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.

Fiscal Year: October 1 through September 30.

Fleet Card: A government charge card used to purchase fuel and authorized repairs, parts, or services for government owned or leased vehicles, equipment, and small marine craft, in support of official government business. Use of the card is subject to the policies of the issuing entity (i.e., General Services Administration (GSA) or Department of Defense (DOD).)

Note: A DOD fleet card has additional restrictions in terms of authorized uses. See Appendix C.

Fraud: Any felonious act of corruption or attempt to cheat the Government or corrupt the Government's agents. For the purposes of this circular, use of government charge cards to transact business that is not sanctioned, not authorized, not in one's official government capacity, not for the purpose for which the card was issued, not as a part of official government business, are instances of fraud. This list is not intended to be all inclusive.

Government charge card: An account established by a commercial financial institution on behalf of agencies or individual agency employees to which the cost of purchasing goods and services may be charged.

GSA SmartPay®: The Federal Government's charge card program as of the issuance of this Circular. This program provides Federal Government cardholders a means to pay for commercial goods and services, travel and travel-related expenses, and vehicle fleet expenses. Charge cards are issued through contracts with those charge card vendors who are a part of the SmartPay® program. These contracts, collectively referred to as the "Master Contract," are administered by the General Services Administration.

Individually Billed Account (IBA): A travel charge card account issued to the individual and paid for by the individual.

Joint Federal Travel Regulation (JFTR): Travel policy that applies to the military.

Merchant: The source for the agencies' supplies or services. The merchant may be: a required source inside or outside the Government, another Government agency, a private sector merchant of supplies or services. A merchant must provide supplies and services to meet the agency's needs at a reasonable price.

Micro-purchase: As defined in Federal Acquisition Regulation (FAR) 2.101, an acquisition of supplies or services (except construction), the aggregate amount of which does not exceed \$2,500, except that in the case of construction, the limit is \$2,000. This threshold may be revised throughout the contract period to reflect any revisions to the FAR.

Misuse: Use of a Federal charge card for other than the official government purpose(s) for which it is intended.

Official Invoice: A proper invoice, containing the data required by, and formatted in accordance with contract specifications requesting payment be made to the Contractor.

Performance metrics (or performance measures): Statistics used to show how well or poorly a program or activity is meeting performance expectations (e.g., goals or targets). A baseline measurement is established and future targets are set as part of a goal-reaching process. Metrics are generated from program-related data and are often expressed as ratios, e.g., the delinquency rate for charge cards equals the total payments past due at the end of a reporting period divided by outstanding balances on all accounts at that time.

Purchase card: A centrally billed, government charge card used to pay for goods and services in support of official government business.

Ships' bunkers Easy Acquisition (SEA) Card: A centrally billed, government charge card that provides Federal agencies a means to procure bunker fuel and fuel related service.

Task Order: A document that specifies and authorizes products and services required and the negotiated price at which they will be provided.

Travel Card: An individually or centrally billed, government charge card used to pay for official employee travel and travel-related expenses in compliance with the applicable regulations and in support of official government business.

Warranted contracting officer: A government employee with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. Warranted refers to the extent of the authority delegated to them, normally described by the dollar amount of the authority.

Waste: Any activity taken with respect to a government charge card that fosters, or results in, unnecessary costs or other program inefficiencies.

Appendix B - Acronyms

A/OPCs - Agency/Organization Program Coordinators

AOs - Approving Officials

AFV - Alternative fuel vehicle.

AIR - Aviation Into-plane Reimbursement Card Program

CBA- Centrally Billed Accounts

DESC - Defense Energy Support Center

DFAS - Defense Finance and Accounting Service

DLA - Defense Logistics Agency

DOD – Department of Defense

E&IT- Electronic and Information Technology

EAS - Electronic Access System

EPA - Environmental Protection Agency.

EPP - Environmentally preferable products

EPACT - The Energy Policy Act

FEMP - Federal Energy Management Program.

FICO - Fair Isaac Corporation

FAR - Federal Acquisition Regulation

FTR - Federal Travel Regulation

GSA -General Services Administration

GFC PMO - Government Fuel Card Program Management Office

IBA - Individual Billed Account

JFTR - Joint Federal Travel Regulation

MTS - Metric Tracking System

NARA – (U.S.) National Archives and Records Administration

OMB - Office of Management and Budget

SEA - Ships' bunkers Easy Acquisition Card Program.

Appendix C – Department of Defense (DOD) Fleet, AIR, and SEA Cards: Frequently Asked Questions

1. What is the DOD Fleet Card?

The DOD fleet card is a centrally billed, government charge card applicable to vehicles that are owned or commercially leased by the Military Services or DOD Agencies, and used to buy and pay for fuel, refueling-related expenses, and emergency repairs for vehicles in support of official government business.

2. Who has oversight of the DOD Fleet Card Program?

The Defense Logistics Agency (DLA)/Defense Energy Support Center (DESC)/Fuel Card Program Management Office (GFC PMO) is designated as the program management office for the DOD Fleet card. The GFC PMO provides program management, develops and disseminates policy and training, coordinates the enrollment and permission access to other electronic systems, and issues instructions for the DOD Fleet Card.

3. What vehicles are covered under the DOD Fleet Card?

Vehicles that are owned or are individually leased by the Military Services or DOD Agencies are covered under the DOD Fleet Card. GSA leased vehicles are NOT included in this program.

4. Are purchases for supplies and services authorized with the DOD Fleet Card?

The DOD Fleet Card allows transactions for the following supplies and services (as authorized by agency policy):

- Fuels: Gasoline, gasohol, regular unleaded, premium unleaded, special unleaded, diesel/diesel marine fuel, propane, and liquid petroleum gas including CNG, ethanol and methanol, E85, and bio-diesels;
- Lubricating services and lubricants (includes differential and transmission fluids);
- Antifreeze (ethylene glycol);
- Air and oil Filters and servicing;
- Batteries and battery charging;
- Tires and tire and tube repairs;
- Washing and cleaning;
- Mounting and dismounting snow tires and chains; and
- Replacement of spark plugs, fan and generator belts, windshield wiper arms and blades, lamps etc.

NOTE: The DOD Fleet Card can be used to obtain fuel for small boats, tugs, or barges as authorized by the activity. The DOD Fleet Card cannot be used to obtain aviation fuel at commercial locations. Furthermore, all charges are billed directly to the home payment office separately under split billing procedures. (See the question 5, below.)

5. What is Split Billing functionality?

Split Billing functionality is the process whereby fuel purchases are separated from non-fuel purchases. The fuel card processors (Aviation Into-plane Reimbursement (AIR), Ships' bunkers Easy Acquisition (SEA), and DOD Fleet Card contractors) are responsible for separating fuel purchases from non-fuel purchases (splitting the invoice).

6. What is the AIR Card?

The AIR Card is the mission-critical Aviation Into-plane Reimbursement (AIR) Card Program that provides Federal agencies, state and local law enforcement agencies, and foreign governments a means to procure aviation fuel and related ground services. Program customers utilize AIR cards to purchase aviation fuel and ancillary services at aviation merchants located throughout the world.

7. Who has oversight of the AIR Card Program?

DESC's GFC PMO is designated as the program management office for the AIR card. The GFC PMO provides all program management, develops and disseminates policy and training, coordinates AIR card enrollment and permission access to other electronic systems, and issues data instructions for the AIR card. Authorized users and the Military Services and Defense Agencies must develop and maintain adequate procedures and physical safeguards to ensure strict compliance of the AIR card.

8. What aircraft are covered under the AIR Card Program?

The AIR card is available for aircraft used by the Military Services, Federal civilian agencies, State and Local Law Enforcement Agencies and authorized Foreign Governments for aviation fuel and ground services worldwide. The AIR card allows for fueling at over 7,000 commercial airports worldwide.

Enrollment is required for any non-DOD participant authorized to use DESC's Into-Plane contract locations and an Accountable Official must be designated as the point of contact responsible for validating purchases under the AIR card program account.

9. What ancillary services are authorized for purchasing with an AIR card?

The AIR card does allow purchases of the following ancillary services:

- De-fuel
- Re-service

- De-icing
- Lavatory services
- Catering
- Towing
- Oil
- Engine start
- Backhaul charges

NOTE: These ancillary charges are billed directly to the home payment office separately under split billing procedures. (See also question 5, page 34.)

10. What is the SEA Card?

The SEA card is the mission-critical Ships' bunkers Easy Acquisition (SEA) Card Program that provides Federal agencies a means to procure bunker fuel and fuel related service. Program customers utilize SEA cards to purchase bunker fuel and fuel related services at ports throughout the world. SEA card customers will utilize a secure web system to schedule fuel deliveries and view and approve resulting transaction details.

11. Who has oversight of the U SEA Card Program?

DESC's GFC PMO is designated as the program management office for the SEA card. The GFC PMO provides program management, develops and disseminates policy and training, coordinates SEA card enrollment and permission access to other electronic systems, and issues data instructions for the SEA card. Authorized users and the Military Services and Defense Agencies must develop and maintain adequate procedures and physical safeguards to ensure strict compliance of the SEA card.

12. What vessels are covered under the SEA Card Program?

The SEA card is available for U.S. Government vessels used by the Military Services, Defense Agencies, and Federal civilian agencies for bunker fuel at commercial seaports. The SEA card allows for fueling at three hundred bunker contract locations worldwide as well as permitting local purchases at non-contract locations.

13. Are Federal civilian agencies authorized to use the SEA Card?

Yes, Federal civilian agencies wishing to use DESC's Ships' bunker contract locations must enroll in the SEA Card Program and designate an Accountable Official as the point of contact for validating all purchases under the SEA Card Program account.

14. What other charges are authorized under the SEA card?

Besides bunker propulsion fuel, the SEA card allows transactions for the following services:

D R A F T

- Backhaul
- Demurrage
- Overtime

NOTE: These charges are billed directly to the home payment office separately under split billing procedures. (See also question 5, page 34.)

Appendix D – Sample Due Process Notice for Salary Offset Procedures

Date

Name

Address

City, State, ZIP

Subject: Delinquent (Insert charge card vendor name) Charge Card Account Balance – Salary Offset

Dear Sir/Madam:

This is to advise you that *(insert charge card vendor name)* has requested the *(insert Agency name)* to offset your pay for a delinquent government travel card balance in the amount of \$_____. The delinquent balance excludes any disputed transactions, which are still pending.

The Travel and Transportation Reform Act of 1998 authorizes the Administration to offset up to 15% of your disposable pay at the request of the travel card contractor to collect delinquent balances. Therefore, payroll deductions will begin the first pay period ending 30 days after the date of this letter unless you resolve the matter prior to such date or submit an appeal as described below. The deduction will continue until the total amount is paid-in-full, or we are notified by *(insert charge card vendor name)* to stop collection action.

The amount deducted in any single pay period, including the administrative fee, will be limited to 15% of your disposable pay. Disposable pay, for this purpose, is defined as your biweekly gross pay less deductions required by law, i.e., retirement, Thrift Savings Plan, federal, state, local taxes, Medicare, Old-Age, Survivors, and Disability Insurance, regular life insurance and health benefit premiums, and any debt owed to the United States Government.

The deductions for the offset will show on your Leave and Earnings Statement as “.PRV DEBT RECOV”.

If you wish to authorize a larger offset in order to accelerate the payment of this debt, please submit a written request to: *(insert designated official contact information)*. Your request must specify a percentage of disposable pay or a specific dollar amount.

If you believe that your account is delinquent because you have not been reimbursed for a related travel voucher, please contact your Finance Office to determine the status of the voucher. You must inform this Office in writing of the name and phone number of your travel reimbursement voucher(s) approving official to verify a travel reimbursement delay.

D R A F T

You have the right to inspect and copy records related to the delinquency, to request (*insert charge card vendor name*) review its decision to pursue collection of the debt from your federal salary, and to make a written repayment agreement with the charge card vendor. If you wish to exercise any of these rights, please contact a representative of (*insert charge card vendor name*) directly at XXX-XXXX. You must also contact (*insert charge card vendor name*), if you have questions about the requested offset, or wish to dispute the offset as erroneous. We suggest that you keep copies of any correspondence and/or evidence of payment to the charge card vendor. (*insert charge card vendor name*) must report any charges or amount adjustments regarding the delinquent charge card balance offset to us.

If you feel you have received this notice in error your appeal rights are attached.

The Department's Employee Assistance Program is available to employees who wish to voluntarily and confidentially seek counseling due to stress caused by personal financial problems. For further information on the Employee Assistance Program please call XXX-XXXX.

If you have questions regarding our process in this matter, please contact (*insert contact information*).

(Insert applicable agency closing)

(Insert applicable agency signature block)

Enclosure-
Grounds for Appeal

Enclosure to Sample Due Process Notice

GROUNDINGS FOR APPEAL

As a general matter, employees are expected to timely reimburse the travel card contractor for all undisputed charges on the card. Employees are also expected to have used the card only for expenses related to official travel, to have timely filed their travel vouchers and to have timely disputed any improper charges. Therefore, the grounds for an appeal are limited. The following may, if properly substantiated, be grounds for appeal:

1. The charges sought by the travel card contractor are the subject of a properly completed timely filed travel voucher that has not been paid by the government.
2. The charges sought by the travel card contractor are the subject of a timely dispute that the Travel Card contractor has not resolved.
3. The charges sought by the travel card contractor have been released in bankruptcy.
4. The employee and the travel card contractor have signed a written payment agreement, and the employee is timely making payments as required by the agreement.
5. The employee has paid the delinquent balance in full.

The employee is responsible for providing proof to support any grounds for appeal. The nature of the proof will vary in each case. For example, proof to support an appeal based on the statement that the charges sought by the travel card contractor are the subject of a properly completely timely filed travel voucher that has not been paid by the government would include:

2. a copy of the voucher,
3. copies of any communications with the travel payment office concerning payment,
4. a copy of the travel card billing statement, and
5. any other evidence supporting the employee's statement.

As a general rule, financial hardship is not grounds for appeal. Because the travel card should only be used for official travel expenses, which are reimbursed by the government, the employee should be able to reimburse the travel card contractor without hardship. Any request that the salary offset not be processed, either at all or a reduced rate (less than 15% of disposable pay), because of financial hardship must include a detailed explanation of the hardship with a complete financial statement reflecting all income available to the household and all required monthly payments and debts.

Appendix E - Best Practices in Managing Government Charge Card Programs

When re-competing task orders, charge card managers should:

- Compare how many basis points similar size organizations are receiving;
- Review terms of similar sized organization's task orders;
- Solicit bids from multiple charge card vendors;
- Consider changing current business practices to increase basis points (paying daily or weekly instead of monthly); and
- Consider pooling or tagging along with an existing contract.

When mitigating risks of misuse and/or delinquency, charge card managers should:

- Perform periodic reviews of spending and transaction limits to ensure appropriateness;
- Conduct internal charge card program reviews;
- Perform periodic reviews of the number of charge card accounts in use for appropriateness of number as well as evaluating the span of control for approving officials; and
- Keep current on new and innovative solutions to detect and prevent misuse and fraud, such as:
 - data mining
 - blocking card use for high risk merchant category codes
 - more restrictive spending limits during expected periods of inactivity
 - periodic review of cardholder accounts for continued necessity
 - establishing a control to ensure that card accounts are canceled when the employee retires or leaves the agency

When initiating administrative or disciplinary actions for card misuse and/or for instances when account delinquency is discovered, charge card managers should, in addition to consultation with agency human resources professionals:

- Initiate verbal counseling and warning;
- Provide written warning;
- Suspend or revoke charge card privileges;
- Suspend or revoke employee security clearance;
- Include misuse or delinquency occurrence in employee performance evaluations;
- Suspend or terminate employment;
- Ensure consistent enforcement of penalties;
- Publish actions taken by the agency for misuse of charge cards; and

When implementing policies and practices that ensure effective strategic buying, charge card managers should:

- Initially focus on high volume, commonly used supplies (such as office supplies, tools/hardware, express delivery, relocation services, etc.) which agency personnel use or could use the purchase card to obtain;
- Keep the program simple to start by focus on awarding Blanket Purchase Agreements (BPA) against the GSA schedule program; considering using E-Buy to help put these in place.
- Leverage vendors who already have highly evolved web-based ordering systems and who provide quick delivery;
- Explore how GSA Federal Supply Service can assist in developing virtual store fronts to host the agencies' BPAs (e.g., GSA Advantage!);
- Evolve the strategy as the agency gains more experience and better understands how the program supports mission needs, saves money, and improves the value of taxpayer dollars;
- Develop a communication strategy to effectively get the word out about discounted contracts;
- Require merchants to monitor and report on the savings achieved versus "regular" GSA schedule prices (or whatever baseline is applicable);
- Maintain information on procurement activity usage of reduced-price contracts; and
- Renegotiate with merchants the price and terms of high-volume commodities at the end of a fixed period of time.

Appendix F – Internet Web Site References

- Green/Recycling
www.epa.gov/ozone/snap/lists/index.html
www.energystar.gov
www.epa.gov/cpg
www.eren.doe.gov/femp/procurement
www.greenhotels.com
www.ofee.gov
- Prompt Payment
<http://www.fms.treas.gov/prompt/formulas.html>
- Government Metrics
www.fido.gov
- Accessibility
www.Section508.gov
www.access-board.gov
www.buyaccessible.gov
- SmartPay
<http://www.gsa.gov/gasmartpay>
<http://www.gsa.gov/sptraveltraining>
<http://www.gsa.gov/sppurchasetraining>
- GSA Federal Supply Schedule Training
<http://apps.fss.gsa.gov/webtraining/trainingdocs/aopctraining/index.cfm>
<http://fss.gsa.gov/webtraining/trainingdocs/traveltraining/index.cfm>
<http://apps.fss.gsa.gov/webtraining/trainingdocs/travel%20AOPQuiz/index.cfm>
- Government Fuel Programs (Air, Sea, Fleet)
<http://www.desc/dla/mil/DCM/DCMPage.asp?pageid=30>
- Tax Recovery
http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=10597&noc=T